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INQUIRE=DOC18D
ITEM NO=00468810

ENVELOPE

CDSN = LGX841 MCN = 92204/18742 TOR = 922041220
RTTUZYUW RUEKJCS7628 2041223-UUUU--RUEALGX.
ZNR UUUUU

HEADER

R 221223Z JUL 92
FM JOINT STAFF WASHINGTON DC
INFO RUEADWD/OCSA WASHINGTON DC
RUEAHQA/CSAF WASHINGTON DC
RUCGDEF/NATS PENTAGON WASHINGTON DC
RUEADWD/PTC WASH DC
RUFGAID/USEUCOM AIDES VAIHINGEN GM
RUEOACC/CDRPSYOPGP FT BRAGG NC//AORC-POG-SB//
RUCJACC/USCINCCENT N/ ALL AFB FL//CARA//
RULKQAN/MARCORINTCEN ICD VA
RUSNNOA/USCINCEUR VAIL EN GM
RUEALGX/SAFE

R 220434Z JUL 92
FM AMEMBASSY LUXEMBOURG
TO RUEHC/SECSTATE WASHDC 2677
INFO RUEATRS/DEPT TREASURY WASHDC
RUFHAD/AMEMBASSY ABU DHABI 0119
RUEHXQ/ALL EUROPEAN COMMUNITY POST COLLECTIVE
BT

CONTROLS

UNCLAS LUXEMBOURG 00969

DEPARTMENT FOR EC/IFD/OMA
STATE PASS FRB

TREASURY FOR COMPTROLLER - BANK SUPERVISION
OPERATIONS/POLICY

DEPARTMENT OF STATE

☒ RELEASE ☐ DECLASSIFY
☐ EXCISE ☐ DECLASSIFY
☐ DENY IN PART
☐ DELETE Non-Responsive Info
FOIA Exemptions
PA Exemptions

IS/FPC/CDR

MR Cases Only:
EO Citations

DRP Date 9/8/94

TS authority to:
☐ CLASSIFY ☐ S or ☐ C OADR
☐ DOWNGRADE TS to ☐ S or ☐ C OADR

E.O. 12356: N/A

BODY

TAGS: EFIN, EINV, TC, LU
SUBJECT: LUXEMBOURG COURT WITHHOLDS APPROVAL
OF BCCI INDEMNIZATION PLAN

REF: LUXEMBOURG 920 (DTG 101440Z JUL 92)

1. LUXEMBOURG'S COMMERCIAL TRIBUNAL DECIDED JULY 20
TO WITHHOLD APPROVAL OF THE ABU DHABI GOVERNMENT'S
USDOLS 1.7-BILLION INDEMNIZATION PLAN FOR BCCI UNTIL
OCTOBER 7 WHILE THE BANK'S CREDITORS ARE CONSULTED.
THE PRESIDING JUDGE, MRS. MARYSE WELTER, SAID IN HER
RULING THAT IT WAS NOT CLEAR THAT THE CREDITORS
WOULD ACTUALLY BENEFIT FROM THE ABU DHABI PLAN.

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2. SPECIFICALLY, THE COURT SAID THAT IT COULD NOT APPROVE THE PLAN AT THIS TIME FOR THE FOLLOWING REASONS:

- DIFFICULTIES IN LIQUIDATING THE FAILED BANK'S ASSETS;
- PROBLEMS WITH GETTING A PRECISE FIX ON THE ASSETS AND LIABILITIES OF THE THREE BCCI ENTITIES: BCCI OVERSEAS (CAYMAN ISLANDS), BCCI S.A. LONDON, AND BCCI S.A. LUXEMBOURG; AND
- FAILURE OF ABU DHABI AUTHORITIES TO PROVIDE ADEQUATE ASSURANCES WITH REGARD TO DELAYS IN INDEMNITY PAYMENTS WHICH UNDER THE PLAN WOULD NOT BE MADE FOR AT LEAST TWO YEARS.

3. THE COURT ASKED THE LIQUIDATORS (BRIAN SMOUHA OF THE BRITISH FIRM TOUCHE ROSS AND TWO LUXEMBOURG LAWYERS) TO CONSULT WITH CREDITORS (IN WRITING) BY OCTOBER 1. JUDGE WELTER SET OCTOBER 7 AS THE NEW HEARING DATE FOR THE CASE.

COMMENT

4. THE JUDGE APPARENTLY HEEDED THE SUGGESTION OF THE PUBLIC PROSECUTOR (REFTEL) THAT THE CREDITORS TO BE CONSULTED PRIOR TO THE COURT'S APPROVING THE ABU DHABI PLAN. IT IS NOT CLEAR WHAT ACTION THE COURT WILL TAKE IF THE CREDITORS DO NOT ACCEPT THE ABU DHABI PLAN. ONE POSSIBILITY WOULD BE A REQUEST TO THE ABU DHABI GOVERNMENT TO SWEETEN ITS USDOLS 1.7-BILLION OFFER. ROWELL

ADMIN

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